

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 SP-02 USIA-06 AID-05 EB-08
NSC-05 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03
H-01 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02
OPIC-03 LAB-04 SIL-01 AGRE-00 CU-02 PA-01 PRS-01
/097 W

-----151055Z 087693 /10

R 150753Z APR 77

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 4513

INFO USLO PEKING

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY MOSCOW

AMEMBASSY RANGOON

AMEMBASSY ROME

AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

AMEMBASSY CANBERRA

AMEMBASSY PARIS

COMUSTDC

CINCPAC

C O N F I D N T E I A L HONG KONG 4256

CINCPAC FOR POLAD

E.O. 1152: GDS

TAGS: ECON, ETRD, CH

SUBJ: PRC BI-WEEKLY ECONOMIC HIGHLIGHTS NO 1.

1. THE PRC TOOK A STEP OF MAJOR ECONOMIC AND POTENTIAL POLITICAL
IMPORTANCE IN EARLY APRIL BY AGREEING TO CONCLUDE A
LONG-TERM TRADE AGREEMENT WITH JAPAN. THE PROSPECTIVE
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AGREEMENT ENCOMPASSES PRC SALES OF OIL AND COAL WHICH
WILL ENABLE EXPANDED IMPORTS FROM JAPAN OF STEEL, CHEMICAL
FERTILIZER, WHOLE PLANTS, AND A WIDE RANGE OF MACHINERY
AND EQUIPMENT. PEKING HAS ALSO SOFTENED ITS ATTITUDE
TOWARD "DEFERRED PAYMENTS," INDICATING A WILLINGNESS TO
ACCEPT 5-10 YEAR TERMS FROM THE JAPANESE, WHICH WOULD
EXTEND THE PRESENT 5-YEAR LIMITATION ON THIS TYPE OF

CREDIT.THE AGREEMENT HAS THE POTENTIAL OF BRINING THE PRC INTO A CLOSE WORKING RELATIONSHIP WITH ONE COUNTRY TO A DEGREE NOT MATCHED SINCE THE DAYS OF SINO-SOVIET COOPERATION IN THE 1950'S. THE JAPANESE WERE PARTICULARLY IMPRESSED BY THE UNUSUALLY POSITIVE ATTITUDE SHOWN BY THE CHINESE LEADERS TOWARD THE DEVELOPMENT OF TRADE RELATIONS.

2. TRADE NEWS WAS FURTHER HIGHLIGHTED BY THE OPENING APRIL 15 OF THE SEMI-ANNUAL CANTON TRADE FAIR. BUSINESS PROSPECTS AT THE FAIR, HOWEVER, ARE MORE SUBDUED THAN USUAL. ECONOMIC PROBLEMS IN 1976 HAVE PROBABLY RESULTED IN SHORTAGES IN MANY TRADITIONAL PRC EXPORT ITEMS, PARTICULARLY FOODSTUFFS, WHICH MAY DEPRESS TRADING ACTIVITY.

3. ON THE INTERNAL SIDE, CHINA IS GEARING UP FOR THE LONG-AWAITED NATIONAL CONFERENCE TO LEARN FROM TACHING, THE COUNTRY'S INDUSTRIAL MODEL, WHICH SHOULD SANCTION PLANS FOR CHINA'S INDUSTRIAL DEVELOPMENT. IN PREPARATION FOR THE NATIONAL GATHERING MOST OF CHINA'S 20 PROVINCIAL UNITS HAVE HELD THEIR OWN TACHING MEETINGS, WHERE THE OVERWHELMING EMPHASIS HAS BEEN ON STRENGTHENING "ENTERPRISE MANAGEMENT" AND ENCOURAGING MORE ACTIVE PARTICIPATION BY PARTY ORGANIZATIONS AT ALL LEVELS.

4. THE SOCIALIST LABOR EMULATION CAMPAIGN CONTINUES TO SPREAD WITH SUCH SECTORS AS LIGHT INDUSTRY. MACHINE BUILDING, COMMUNICATIONS, AND COAL JOINING THE RAILWAYS, METALLURGICAL INDUSTRIES, OIL REFINING, AND POWER

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INDUSTRY IN ATTEMPTING TO UPGRADE PERFORMANCE THROUGH EMULATION. A SING OF THE DEGREE OF ECONOMIC RECOVERY NEEDED WAS SUPPLIED IN A PEOPLE'S DAILY EDITORIAL MAY 10, WHICH CALLED FOR "REACHING" AND THEN SURPASSING THE BEST "PREVIOUS" LEVEL ACHIEVED IN MAJOR ECONOMIC-TECHNICAL INDICES. THESE INCLUDE SUCH MEASURES AS OUTPUT, QUALITY AND PRODUCTIVITY, A MORE CONCRETE EXAMPLE OF DISRUPTION WAS REVEALED IN A REPORT FROM SHANGHAI, WHICH ADMITTED THAT IT HAD EXPERIENCED DECLINING INDUSTRIAL GROWTH IN RECENT YEARS AND HAD NOT MET ITS STATE REVENUE TARGETS FOR THE LAST THREE YEARS. SHANGHAI ACCOUNTS FOR ABOUT 15-16 PERCENT OF TOTAL PRC INDUSTRIAL OUTPUT. ONE A MORE POSITIVE NOTE, HOWEVER, THE COAL INDUSTRY HAS ANNOUNCED SURPASSING FIRST QUARTER OUTPUT AND TUNNELING TARGETS. IT IS THE FIRST INDUSTRIAL SECTOR TO MAKE ANY FIRST QUARTER PRODUCTION CLAIM THIS YEAR.

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Message Attributes

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Sent Date: 15-Apr-1977 12:00:00 am
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